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**WHO TAKES THE CREDIT?**  
**GENDER, POWER, AND CONTROL OVER LOAN USE**  
**IN RURAL CREDIT PROGRAMMES IN BANGLADESH**

**Abstract**

Special credit institutions in Bangladesh have dramatically increased the credit available to poor rural women since the mid-1980s. Though this is intended to contribute to women's empowerment, few evaluations of loan use investigate whether women actually control this credit. Most often, women's continued high demand for loans and their manifestly high propensity to repay is taken as a proxy indicator for control and empowerment. This paper challenges this assumption by exploring variations in the degree to which women borrowers control their loans directly; reporting on recent research which finds a significant proportion of women's loans to be controlled by male relatives. The paper finds that a preoccupation with 'credit performance' - measured primarily in terms of high repayment rates - affects the incentives of fieldworkers dispensing and recovering credit, in ways which may outweigh concerns to ensure that women develop meaningful control over their investment activities.

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**WHO TAKES THE CREDIT?**

## **GENDER, POWER, AND CONTROL OVER LOAN USE IN RURAL CREDIT PROGRAMMES IN BANGLADESH**

**Anne Marie Goetz and Rina Sen Gupta**

### **1. INTRODUCTION**

Women in Bangladesh have gained an international reputation for their excellent credit performance in specialised credit institutions. This achievement is all the more remarkable given the extreme socio-cultural constraints on women's productivity and their access to capital in Bangladesh. The fact that they are a good credit risk - signalled in particular by their manifestly high propensity to repay loans when properly organised - has made them a priority target group for poverty-oriented credit programmes, most of which have seen a reversal over the 1980s in the gender balance of their membership and the flow of credit to favour women. This paper assesses the degree to which women actually control loans once they have gained access to credit institutions. Based on recent research on this issue<sup>1</sup>, it finds that a significant proportion of women's loans are directly invested by their male relatives, while women borrowers bear the liability for repayment. The implications of this process for the assumed connection between access to credit and the empowerment of women are discussed.

### **2. SPECIAL CREDIT INSTITUTIONS IN BANGLADESH: THE SHIFT TO TARGETING WOMEN**

The special credit programmes which are justly famous in Bangladesh for their capacity to reach the poor have had notable success in overcoming institutional barriers to lending to women, although with the important exception of the Grameen Bank, these programmes were initially slow to address the needs of rural women borrowers. In the 1980s strong gender differentials could be observed in the numbers of women borrowers in these programmes compared to men, and, even in the Grameen Bank, in the average size of loans to women compared to men, and in the proportion of overall credit they received in relation to their membership of these programmes (Saffilios-Rothschild and Mahmud, 1989:28-29). From the late 1980s that situation has been changing radically. Over the period 1989-1992, 1.8 million rural women were reached by the three largest special credit programmes alone: the Grameen Bank, BRAC (the Bangladesh Rural Advancement Committee, a very large NGO), and the government's RPP (Rural Poor Programme, part of the Bangladesh Rural Development Board). When other smaller credit programmes are added, the total probably comes to well over 2 million. This is more than double the number reached in the period between 1985-1988 (World Bank, 1990:113), evidence of a very high rate of expansion in women's membership of rural development

programmes since the mid-1980s. Table I gives an indication of the rate of this expansion in a few organisations offering special credit facilities:

{TABLE I HERE}

Cumulative disbursements to women in these programmes have increased both absolutely and relatively over this period, so that the gender differentials observed in the mid-1980s in the proportion of credit awarded to women compared to men have been substantially reduced. Table II summarises information on the percentage of special institutional credit reaching women relative to their membership numbers in the three largest programmes.

{TABLE II HERE}

In effect, there has been a near-reversal in the gender orientation of special credit programmes in Bangladesh since the 1980s; a **de facto** policy shift. Credit provision for women is now seen as a powerful tool for institution-building at the grass-roots level, and has become a mainstay of many NGO efforts in rural areas. BRAC has even decided to phase out the formation of new men's Village Organisations (VOs) and now concentrates on forming women's VOs (DLO, 1993). To keep this situation in perspective, however, it is worth remembering that women still receive an extremely small proportion of the cumulative amount of loans which have been disbursed by financial institutions to rural areas - about 5% over the 1980s (World Bank, 1989:xii), and in spite of the above-noted increases, still only just over 5% in 1991 (BBS, 1992:431).

There are a number of reasons for the shift to targeting women through special credit programmes. The 1980s brought increasing pressure from promoters of gender-sensitive development policy in Bangladesh's domestic development community and its foreign aid donors for the inclusion of women in rural credit and income-generating programmes. Credit, it is argued, delivers a range of particular benefits when targeted to low-income women. It is seen as a critical input for increasing women's employment in small-scale enterprises and is expected to encourage the adoption of improved technology to enhance the productivity of women's homestead-based income-generating and expenditure-saving work. Further, as many studies show, increases in women's incomes improve the unique livelihood enhancement functions women perform for their households as brokers of the health, nutritional, and educational status of other household members. It is also argued that credit represents a form of economic

empowerment which can enhance women's self-confidence and status within the family, as independent producers and providers of a valuable cash resource to the household economy.

Whatever the reasons for targeting women, the tremendous increase of credit availability for women must be seen as a positive contribution to efforts to challenge gendered terms of access to productive resources and opportunities. The phenomenal membership reach of special credit programmes is a success by any standards, and is all the more remarkable given the tight socio-cultural constraints on women's market access and on their freedoms and capacities to shift significantly their rate of market engagement in Bangladesh. In these circumstances, how far have women been able to convert access to credit, and membership of credit organisations, into a process of 'empowerment'; in what way does women's access to credit affect gender relations?

### **3. EVALUATING THE IMPACT OF SPECIAL CREDIT PROGRAMMES**

Evaluations of credit programmes in Bangladesh (and elsewhere, cf: Thomas, 1993) do not typically ask this question directly, but rather, restrict themselves to analysing financial costs to the programme, and monetary benefits to the borrower. Some evaluations do look at the contribution of these projects to enhancing the power positions of the poor - for example, assessing the impact on rural wages of providing the poor with alternative sources of income, or assessing the degree to which the poor's grass-roots organisations provide them with an institutional base for challenging the prerogatives of local elites (Rahman, 1986). Still fewer evaluations assess the impact of credit on power relations of gender in the household and the community.<sup>2</sup> By and large, beneficiary evaluations focus on quantifiable results: days of employment generated, rates of return to investment activities, degree of increase in household incomes.

Where women borrowers are concerned, important strategic gains such as improvements in women's status in a range of institutions, starting with the household, are harder, methodologically, to identify, and therefore less is known about credit impact in these terms. Because most studies take the household as the unit of study, questions about the impact of credit on women in terms of its effects on intra-household decision-making, resource allocation, and empowerment are more difficult to ask. Compounding this difficulty is uncertainty surrounding the meaning of terms like 'empowerment'; though popular, this is a term which is rarely precisely defined. Does women's empowerment in the context of a credit programme imply a demonstrated capacity to invest loans profitably? Or does it imply changed gendered relations, such as women's greater control over household decision-making, greater physical security, reproductive control? Or is the first achievement inseparable from the second? In

evaluations of credit programmes, women's high demand for loans and regular repayment rates are commonly taken as proxy indicators of empowerment, understood as women's capacity to control loan use effectively. These phenomena, however, do not necessarily reveal patterns of loan control within the household.

Our research approached the issue of the relation of credit to women's empowerment from a perspective which, in relation to standard credit evaluations, was unconventional. We were concerned with women's leadership development - understood as action to institutionalise women's interests in the development process. As a result, the research poses the question of women's involvement in credit programmes in a distinctly political light -- raising issues of power, not just productivity. This is an important conceptual distinction. To simplify, it represents the difference between asking whether a concern to integrate women in the development process is about harnessing women's labour for development, or whether it is about development for women.<sup>3</sup> Research methods were designed to assess the quality and meaning of women's experience of participation in these programmes, both as staff members and beneficiaries. The research focused on BRAC's Rural Development Programme (RDP), and the CIDA-funded component of the government's Rural Poor Programme (RD-12). Comparative samples were drawn from the Grameen Bank, and two women's NGOs: *Thangemara Mahila Sebu Sengstha* (TMSS), and *Shaptagram Nari Swanivar Parishad* (SNPS).

It is important to stress that the initial focus of the study did not concern actual credit use or control, but rather, the experience of participation. In the course of the research, however, field workers and women beneficiaries alerted us to the phenomenon of women transferring loan control to men within their households. To investigate this issue, we conducted qualitative studies of 275 loans (22 of these to men) across four organisations: BRAC (106 loans to women; 22 to men), Grameen Bank (53), TMSS (39), and RD-12 (55), compiling detailed loan use histories on the basis of discussions with borrowers.<sup>4</sup>

### **(a) Methodological Issues**

Methodologically, credit impact studies pose notoriously difficult problems to which this study was hardly immune. Whether investigating income or empowerment effects, it is difficult to isolate the effect of credit from other variables such as group membership or training. Methods for measuring profits and changes in household income depend on respondent recall, which may be weak in reporting on an activity which stretched over a year, where numeracy skills are low and records are not kept. Translated into quantitative data it takes on a potentially misleading degree of precision and authority. Women's credit enters general household funds and is used

for multiple purposes, while women's income-generating activities are managed in tandem with expenditure-saving work and homestead maintenance, making it difficult to filter out the exact number of days spent 'employed', or the exact rate of return to a specific activity. In light of these problems, and given that we lacked the resources to conduct a detailed examination of loan investment patterns over time, we did not attempt to make quantitative evaluations of loan profitability. Instead, we established whether women retained managerial control over the productive activity: from the initial loan proposal, to investment in productive assets, labour inputs, marketing, and use of profits. Resource and time constraints also prohibited an in-depth exploration of questions of women's empowerment within the household and the community, which would have required more anthropological methods. The focus on managerial control is designed to produce insights on one aspect of women's empowerment. It provides, however, a relatively incomplete perspective, and there are many other aspects of women's empowerment which might have been explored. As the subsequent discussion will illustrate, there are many ambiguities surrounding control over loan use - an apparent loss of control may disguise a negotiated transfer, where the nature of the negotiation and transfer, and the rights and privileges gained in return, may indicate a power achievement for the woman borrower.

### **(b) Profile of the sample**

Loan histories were compiled with borrowers from credit groups in all four organisations in villages around Mymensingh, Bogra, Dinajpur, Jamalpur, and Rangpur. This was a purposive selection; efforts were made to ensure representation of a variety of group and loan characteristics, such as years of membership in the credit programme, and size of loan. 6.3% of the loan histories came from groups which had been established for less than one year, 31.8% from groups aged between 1 and 2 years, 38.1% from groups between 3 and 5 years old, and 23.8% from groups with 6 or more years of activity. In terms of loan amounts, 21% had taken loans for up to 1000TK, 38% between 1000-2000TK, 22% between 2000-3000 TK, 7% between 3000-4000 TK, and 19% for 4000 TK or above. This distribution is roughly proportional to the patterns of group maturity and average loan sizes across the four organisations, where rapid expansion means a preponderance of younger village credit groups with women taking smaller loans in the initial stages of group membership. The most common investment activity of the borrowers surveyed was livestock and milch cow rearing (31.6%), followed by paddy husking and rice trade (18.5%), and small business and rural trade (16%). Other investment activities included crop farming and land mortgaging (7.9%), rickshaw purchase (8%), homestead cultivation (5.5%), construction activities including house building and installing latrines and tubewells (5.5%), poultry, sericulture, and fish culture (4%), and expenditures for illness and dowries (3%). Numbers of borrowers heading their own households were relatively low, with

just 13% of the sample widowed, divorced, or separated. This number reflects the participation of female-headed households in special credit programmes.

#### 4. WOMEN'S CONTROL OVER LOAN USE

A range of questions were asked about women's control over the productive process, for example, women were asked what activity they invested in, where the inputs and productive assets came from and who procured them, what they cost, how they were put to use, where outputs were marketed, for what price, what were the problems involved in the productive process, who the main user of the loan was in terms of labour input, and in terms of controlling accounts and general management. On the basis of these questions we built up an index of loan control, as follows:

**FULL** = full control over the entire productive process, including marketing.

**SIGNIFICANT** = control over every aspect of the productive process with the sole exception of marketing (often the case in livestock or milch cow raising, where men are needed to manage the purchasing and selling process - cattle markets being a strongly masculine territory in Bangladesh).

**PARTIAL** = loss of managerial control over the productive process, but the provision of substantial inputs of labour (as was often the case in paddy husking, where men provided the raw inputs and women were unable to give an account of the market prices of their products, and felt they had little say over the volume of weekly production).

**VERY LIMITED** = minimal input to the production process, for example, small labour contributions (as when women wash vegetables for men to sell).

**NO INVOLVEMENT** = these were the cases where women provided no labour for activities which are culturally ascribed as masculine (for example, carpentry, crop farming, rickshaw peddling), and had no managerial involvement, or cases where women stated that they did not know how their men had used their money

Figure I summarises findings on women's degree of loan control aggregated across the four organisations studied. These loans assessments were made for the first or primary activity in which loans were invested, and does not include secondary activities or immediate re-investment of loan funds after rapid-yielding first investments.

{Figure I here}

As Figure I shows, on average women retained full or significant control over loan use in 37% of the cases, while nearly 22% of respondents were either unable to give details of loan use, or were aware of how their husbands or other male household members had used loans, but were not themselves involved in the productive process. About 63% of the cases fall into the three categories of partial, very limited, or no control; indicating a fairly significant pattern of loss of direct control over credit. Of course, given the Bangladeshi context in which women's rights of control over productive resources are so constrained, the significance of these findings might perhaps more correctly lie in the 37% of cases in which women succeeded in retaining control over their loans. Factors associated with positive rates of loan control will be discussed below, but this paper concentrates on the problem of the loss of loan control in order to assess implications for the presumed relationship between access to credit and empowerment. Patterns of loan control vary between the four organisations studied. These variations are presented later but this paper does not dwell on them. This is in part because the research was not intended to be an evaluation of these credit programmes but rather, an investigation of the issue of loan control. Also, once disaggregated by organisation, problems of small sample size, and sample biases by region, group maturity, and patterns of loan investment, make observations for individual organisations unreliable.

The issue of transfer of loan control has not gone entirely unnoticed in other studies. Rahman's 1986 study of 151 loans to women in the Grameen Bank found that 77% of women were using up to three quarters of their loans themselves, while 12% surrendered the entire loan to their husbands or other male guardians (1986:32-33). White's 1991 study of loan use patterns in 140 ActionAid loans in Bola suggests that approximately 50% of loans taken by women are used for men's productive activities, while another significant proportion are used for activities where gendered patterns of control are more ambiguous, such as consumption, stocking and resale of goods, or on-lending for interest (1991:29). Ackerly's recent study of 826 loans to 613 women borrowers in the Grameen Bank, Save the Children Fund (USA), and BRAC also registers loss of direct control over loans. She details a range of variables indicating involvement in loan use - from labour involvement, involvement in purchasing inputs, selling products, and direct involvement in accounting. Her dependent variable, 'women's knowledge of accounting', is roughly equivalent to what is meant in this paper by 'managerial control', and includes knowledge of input costs, product yield, and profitability. While she finds 70% or more women investing their labour in loan-funded activities, women who had actual knowledge of accounting for the activity represented 49.2% of the BRAC sample, 52.4% of the Grameen Bank sample, and 62.3% of the SCF sample (Ackerly, 1995).



Variations in levels of loan control (or imputed control) recorded in other studies attest to the difficulty of making assessments about control over resources within the household. The index used here has some advantages in comparison with other methods. Rahman's 1986 study calibrates the cash amount of each loan actually used by the borrower herself, but this does not give a full account of the degree of managerial control women retain over their investment activities. For example, in paddy husking, which was the second most important activity in which women in Rahman's study invested, there are a range of possible degrees of women's involvement. Women certainly provide most of the labour involved, but do not have direct control over marketing the product, and may not have full control over the amounts husked each week, given that they must rely upon men to provide inputs.

White's 1991 study identifies the main user on the basis of the investment activity - given that productive activities are strongly gendered in Bangladesh. This method for classifying loan use is more sensitive to issues of loan control, as women are more likely to retain control over activities in which men do not engage. But, as she acknowledges, it is a tentative indicator, "imposing a structure on something which is essentially fluid" (1991:29). Even where loans are used for conventionally male activities, a range of managerial and contractual arrangements can be found through which women retain some control over loan use. In our study, 28% of the loans had been invested in conventionally female productive activities, 56% in male activities, and the rest in 'family' investments such as housing, sanitation, rice storage, and payments for dowry or illness. This does not correlate directly with the way the 'control' index ranked women's involvement in loan use, as the index was able to distinguish variations in control within conventionally gender-typed activities. Thus a woman whose loan had gone towards the purchase of a rickshaw might still retain control over the productive activity if the rickshaw was licensed in her name, and if she had established a contract with the rickshaw-puller for a regular rent from the activity. Cases such as these we classified as showing 'Significant' loan involvement on the part of the woman borrower. In cases where loans were invested in non-directly productive ways -- such as payments for dowry or medicine -- women were often the decision-makers, as they can have the greatest future stake in ensuring a daughter's entry to her in-laws' household is smooth, or in repairing the health of household members, especially if it is their own, and hence less likely to attract scarce general household resources. Similar ambiguities obtained in assessing degrees of women's control of loans when credit is used for a range of consumption activities, such as food or clothing, paying off old debts, housing, sanitation, and safe water supply.

### **(a) Determinants of Loan control**

#### **(i) Marital Status**

In this study, a range of circumstances and conditions were identified which correlated with degrees of loan control. Women borrowers were more likely to retain full control over loan use when they were widowed, separated, or divorced, as Figure II indicates. This is to be expected, given the more likely absence of productive men in female-headed households. In some of these cases, however, single female household heads had given over their loans to male relatives beyond the immediate household, for example nephews and sons-in-law, in exchange for a guarantee of a regular food supply. Again, this illustrates the ambiguity of assessing loan control -- these were registered under the 'No Involvement' category, yet they were not cases of straightforward male appropriation *per se*, as they involved an implicit contract and a viable economic and social survival strategy for the women involved, and could have significant empowerment effects such as increasing confidence and economic security.

{Figure II here}

Women's capacity to control loan use is likely to vary importantly according to stages in their life cycles, although this study did not examine this set of variables. First wives in polygamous households might have greater control over household investment decisions, as might older married women. It is probable that those least likely to be able to retain control over loans would be young, single and unmarried women, or new brides. In the latter case, there is also a risk of appropriation of loan management by mothers-in-law. In some of the credit societies we visited, mothers-in-law attended meetings in lieu of their young daughters-in-law to make loan instalments, having forbidden their new household members contact with strangers, especially where the field worker in question was male.

#### **(ii) Nature of investment activity**

As might also be expected, women were also more likely to retain control over loan use where they invested in traditional women's work, particularly livestock and poultry rearing, as shown in Figure III.

{Figure III here}

The highest scorer in this respect was the category of poultry, sericulture, and fish culture, followed by livestock and milch cow rearing, homestead cultivation, and paddy husking. The first three of these activities involve women in work whose products (eggs, milk, vegetables) can be marketed from the home, thus allowing women to retain control over the marketing process. In the cases of women investing in fish or sericulture, they had received intensive training from the development programme in question (BRAC), and also benefited from programme-supplied productive inputs, which eased their reliance on household men for marketing purposes at the front end of the productive cycle. Cocoons produced through sericulture were also purchased in an internal market managed by BRAC. Livestock fattening and milch cow rearing also affords women a greater degree of control than many other forms of investment. Though opportunities for women to actually purchase or sell cattle in the market are restricted, livestock management is one of the few activities over which women hold rights of ownership and control. Women who had used loans for construction, less conventionally seen as women's work, also scored highly to the degree that they were implementing house repairs, or had used credit to build new homes or purchase homestead land registered in their names - a requirement in some special credit programmes (in particular the Grameen Bank).

### **(iii) Size of Loan**

Loss of direct control seems to correlate broadly with increases in the cash size of loans up to a certain point, as Figure IV indicates. This finding is corroborated in other studies. Rahman found that Grameen Bank women loanees retained 100% of the cash amount of small loans (up to 1000 TK), falling to just 46% of the total amount when loans exceeded 4000 TK (1986:33). White also found that ActionAid women borrowers were more likely to retain full control over smaller loans than larger ones (1991:29-30). It would seem that the larger the cash size of a loan, the more likely it is to be used by other household members.

{Figure IV here}

Several explanations for this suggest themselves. Some of women's investment activities are too small to absorb larger cash inputs, especially where no investment is being made in an improved technology, as is the case with livestock rearing or paddy husking. It then becomes a more rational household decision to invest a larger cash loan in a potentially higher turn-over and higher-yielding male investment activity - such as rice stocking, rural trade, or rural transport. Another explanation may inhere in the gendered nature of rights over particular kinds of resources. Just as small-scale investment activities are strongly distinguished by gender in Bangladesh, so too are different household resources. Resources in kind, such as livestock, rice,

and homestead vegetables or animal products can come under women's control. Women's savings habit of reserving a handful of rice - 'mushti chal' - before cooking every meal is symbolic of this. This is one reason that informal credit exchanges between women often take the form of loans in kind, particularly rice, as women are able to retain control over this resource and can often bring it into the household without alerting male household members (Blanchet, 1983; Haque, 1989). Cash, however, especially in larger amounts, is more strongly culturally marked as a resource for men to control. It is fungible primarily through the market, a public realm culturally prohibited to women.

As Figure IV shows, there appears to be an increase in women's loan control at the higher end of the scale, which would contradict suggestions just made regarding the greater vulnerability of larger loans to male control. Unfortunately the data is not robust enough to draw firm conclusions from this finding. Only 30 borrowers in the sample received loans above 4000 TK in value, with 12 cases falling into the 'Full' or 'Significant' loan use category. Six of the 12, two of them widows, invested in livestock, building on earlier loans for the same activity in which a few had accumulated small herds. One had built a house which was registered in her own name, another had bought a rickshaw for 5000 TK and had a contractual arrangement with the rickshaw puller for a regular weekly income. Two were using loans of over 5000 TK for activities benefiting from a high degree of technical support and monitoring from the lending organisation (BRAC) - one was managing a chick hatchery and another a cocoon-rearing unit. In these two cases the extremely high degree of management input from the lending organisation may have contributed significantly to women's capacity to control loan use - a point to which we will return later. One woman used her loan from the RPP to support a long-term family enterprise in running a tree nursery. This was an extremely successful business, receiving strong support from the local government department of social forestry, and benefiting from a booming market for mulberry saplings to stabilise feeder roads and contribute to environmental and sericulture programmes. Finally, one woman had used her loan to cover her daughter's dowry and wedding expenses. Because of insufficient data, it is not possible here to determine whether these cases were unusual or whether they are of a more general significance.

#### **(iv) Years of Membership**

It might be expected that women's control over loan use would increase in tandem with years of experience as members of credit societies. As women gain more experience of credit procedures and of managing small-scale enterprises, as their grass-roots organisations become institutionalised over time at the village level, and as they gain access to more training

opportunities, an overall accretion of competence and confidence in controlling loans would presumably follow. Figure V shows that this is true up to a certain point.

{Figure V here}

Particularly high degrees of loan control are evident in credit societies with 3 to 5 years of institutional life, with degrees of loan control increasing steadily with each year of organisational membership up to that point. After that point, however, loan control appears to diminish. Rahman's study also records diminishing loan control over time, with the amount of a loan borrowers themselves use falling from 86.6% of the total loan amount in the first year to 66% in the fifth year of membership in the Grameen Bank, although the drop in actual cases she examines with more than 3 years of borrowing experience (just 11% of her cases) makes this finding less reliable (1986:35). Since, over time, the cash amount of loans increases to reward good repayment, the drop in loan control over time can be explained, as above, as a reflection of the limitations to expansion of women's productive investments in comparison with the greater profitability of investing in male activities. Patterns of diminishing loan control over time have important policy implications, raising questions about problems in increasing the profitability of women's enterprises with successive loans, problems in ensuring the sustainability of women's credit societies, and questions about building women's capacity to 'graduate' from special credit societies to other institutions in the rural financial market.

In sum, our findings raise as a problem the question of male control of a proportion of loans targetted to women. This is in contrast to loan impact evaluations, where the issue of women's actual control of loan use tends to be obscured by the methodological focus on the household and the preoccupation with repayment rates. Supporting evidence for these findings came in anecdotal form and from interviews with fieldworkers and observation of their work. Fieldworkers claimed that the increasing pressure on them to assess credit-worthiness of borrowers was prompting them to 'screen' the likely productivity of husbands of women borrowers. In other words, some fieldworkers were assuming *a priori* that loans would be used by other family members. Some field workers were quite candid about this process, admitting that when forming groups, husbands were approached first, and were persuaded to let their wives join in return for the promise of credit - implicitly, for the husband. This has worrying implications for the inclusion of women heading their own households in these programmes, in spite of the fact that this is the category of borrower most likely to control loans fully.

Most telling of the supporting evidence were the interviews with the 22 male borrowers. In the course of relating loan use histories, many of these men provided detailed accounts of multiple loans they had invested in activities such as livestock rearing or paddy husking, in addition to more conventionally male activities such as rickshaw pulling, rice trading, itinerant trading, and so on. When these accounts were checked against group records, no trace could be found of some of the loans which had been described. Asked about this, the men explained that in these cases they had taken "a 'woman's' loan". In other words, no clear distinction in actual rights of ownership over credit was made. Women did not exhibit this kind of conceptual slippage regarding their husband's loans, even though men's loans, just like women's, enter into the household as a new resource for general benefit.

#### **4. LOAN USE WITHIN THE HOUSEHOLD AND LOAN REPAYMENT**

The implications of these findings about loan transfer within the household are very complex. It cannot simply be assumed that individual control over a loan is equivalent to empowerment, nor does the phenomenon of transferring a loan in and of itself signal a loss of power for women. To begin with, conventional banking assumptions about individual loan use and responsibility may be mis-placed in the context of the prevailing gender division of labour in household production in Bangladesh. The household is a joint venture, and the gender division of labour is such that full, individual control of the productive process is virtually impossible for women given the gendered nature of access to markets. A complementary division of labour which assigns marketing to men makes it virtually inevitable that women's loans will be used jointly by themselves and productive men within the household. In the case of men, though they tend more often to manage loans individually, they too rely on divisions of labour by gender and age to accomplish productive tasks as a joint family process (Montgomery, Bhattacharya, and Hulme, 1995:102). However, men's near-monopoly of access to the market also means that they have greater economic control over household income-generating activities, and with the main responsibility for cash transactions, they are identified as the earners of family income, regardless of the contributions of other family members. Within this constraint women do have strategies to assert economic control. Village ethnographies have shown that considerable variation in gendered patterns of income and asset control within the household give women control over a certain range of household decisions (often relating to consumption). Women also employ a range of strategies to establish control over assets, through informal lending of cash or paddy to other women as a form of dispersed insurance against future crises, investing in livestock, and saving small amounts of paddy, all of which constitute 'female assets' which are out of the immediate sphere of male control (ibid, and White, 1992).

For any household, the gendered division of labour in production, the gender divisions around control of economic activities and cash proceeds, and the consequent gendered differences in consumption patterns, will affect the way credit is used. Because control of cash is so strongly identified as a masculine business, expanded opportunities for women to have access to cash loans could have a profound impact on gender relations. As Montgomery *et al* point out: "[w]omen borrowing cash and generating cash income tend towards a contradiction of existing norms" (1995:99). However, without parallel interventions designed to ease women's direct access to the market, improve their productive skills, and access to technology, the role of mediators such as male relatives remains critical, with implications for women's authority over economic decision-making. In this context, new cash inputs to the household through women are likely to be identified by household males as a resource for their use. An example of this was given by a 40 year old widow, Sultana, whose elder son uses her loan to buy paddy, which she parboils and dries, and which he then takes to the rice mill for processing. When asked about her family's feelings about her membership of a credit organisation, she replied: "My sons are happy that I have access to a loan, but they say that they have to repay it so their feelings are mixed"; in other words, her sons assumed responsibility for managing the loan.

When credit is invested in conventional women's activities, gender role ascriptions are not challenged, and the increase in welfare to the household may be minimal, given the constraints to profitable expansion of most of these ventures. In addition, women's labour burden may be increased without any significant concomittant increase in control over the productive process. As Montgomery *et al* suggest: "[w]hen the division of labour and distribution of authority over resources remains uncontested, it is not easy to argue that there has been a positive change in women's degree of 'empowerment'." (*ibid*: 95). And they add that the use of credit "for conventional activities, undertaken according to conventional patterns, may actually strengthen the intra-domestic distribution of power which is heavily in favour of male members" (*ibid*:104).

There are, nevertheless, a range of plausible benefits to women of transferring loan control from the point of view of enhancing their status within the household. It is often argued in Bangladesh that even when men do control women's loans, women's overall status within the household increases because they are acknowledged as an important new source of revenue. Rahman provides some evidence for this. She found that Grameen Bank women borrowers who had transferred their entire loan to a male relative had a higher nutritional status, and had more money spent on their clothing and medical needs, than the wives of male borrowers (1986:60). But inevitably, expenditures on women in the household are lower when men control women's loans than when women have full control. As Rahman's study also shows, 10% less was spent

on the medical expenses of women who had transferred their loans to husbands, than on the medical expenses of women controlling their own loans. In cases where men were the direct borrowers, fully 74% less was spent by them on their wives' health (*ibid*:60).

Anecdotal evidence from BRAC suggests familial stability to be an important reflection of women's increased status through loan access, where one of the reasons women give for handing over loans to husbands is the need to preserve their marriages (Jiggins, 1993). It is important not to deride or dismiss these sorts of choices. In a context where women's life chances are directly related to security in marriage, transferring credit to men is an important survival strategy. This is especially so given that small loans and women's low productivity hardly offer the prospects of building an alternative institutional survival base to the marital household. A narrow concern with women's control over loans risks obscuring the importance of the role of women's credit in easing household financial crises and preserving family stability - as when, for example, credit is used to pay off a husband's debts and hence ward off the possibility of his having to leave to avoid creditors (Jiggins, *ibid*).

In addition, women may use credit as a bargaining chip to allow them access to other opportunities available through credit organisations -- opportunities to congregate with other women, to have access to skills training or functional education or health inputs. For example, a BRAC borrower, Farida, whose husband had used her loan to mortgage land and farm it, explained to us: "If I don't give him all the money then I can't stay with BRAC - he makes all the decisions about what to do." For her, waiting to attend a vegetable gardening training session at the BRAC Area Office, this was a worthwhile trade-off. Other trade-offs of great value to women include the exchange of control over a loan for a guaranteed food supply from the person controlling the loan (this is especially important for widows), and sometimes, the right to having more household resources spent on their own and their children's health or clothing.

In Bangladesh's poverty context, women's access to credit represents a source of capital acquisition for men, and may induce a re-valuing of women's contribution to household survival. The danger is that this may lead to the manipulation of women, putting pressure on them to gain membership of a credit group. Anecdotal evidence about the Grameen Bank suggests that women who are unsuccessful in gaining loan access, or who have to wait too long for their turn to get a loan, are experiencing increases in domestic violence from frustrated husbands (see also Haque, 1993:60 - 62). An analogy can be made to the problem of dowry inflation, where some argue that increased competition to raise the price of dowry reflects a qualitative drop in



women's status. One field worker made this connection directly, saying: "Actually, it (credit) is just another form of dowry".

The phenomenon of transfer of loan control may be introducing greater tensions within the household, for all that it may enhance men's appreciation of women in the household. Women still have to repay their loans, however and by whomever they are used. If they are not generating cash income themselves, they will have to demand weekly loan repayment funds from their husbands. As White points out, this is something they do not normally do. It can reinforce (or create new) gendered patterns of dependency and may produce new sources of tension (1991:30). Where husbands refuse to repay, or invest credit badly, or abscond altogether with the money, the pressure is on women to find repayment funds from their other homestead activities. Women's high repayment rates in these cases may attest less to profitable loan use than to their desire to retain membership of one of the few social and public institutions to which they have legitimate access beyond the household.

How do women repay when their loans are not invested by themselves? Evidence from the research suggests a range of strategies.<sup>5</sup>

- Where there is a good relationship between the borrower and her male relative, men supply the instalments on a weekly basis. Many women said their male relatives were obliging in this respect, and some spoke of this arrangement in quasi-contractual terms. This situation can result in increased financial responsibility for women and greater respect within the family. Arguably, however, the developmental objectives of targeting credit to women can be eroded if a direct relation between personal loan use and repayment responsibility is ruptured. Aside from the issue of using credit to increase the productivity of women's labour, its role as a tool for institution-building may be lost. In some cases, we observed men coming to women's weekly group meetings and submitting the loan instalment on behalf of their absent wives. This deprives women of the benefits of regular group attendance and social contact.

- Where husbands may not be able to supply instalments, women may substitute funds from their 'expenditure saving' homestead activities. Many borrowers said they paid weekly instalments out of sales from eggs, fruit, and home-grown vegetables. Some supplied loan instalments from their regular savings habit of reserving a handful of rice before meals. Where loan repayment is coming from other sources of women's domestic income, this may deplete daily consumption resources within the household, as well as resources otherwise kept for savings.

- In a minority of cases, husbands were unwilling, as opposed to unable, to supply weekly instalments. In cases where women could not supply repayments from other sources, they were forced into a supplicant relationship to their husbands. Some women borrowers admitted that increased tensions within the household associated with instalment recovery from men forced them into pressuring their husbands for money, which resulted in violence. Field workers, especially women field workers, were aware of this problem and felt that it had worsened, although we were unable to assess the prevalence of domestic violence or any quantitative increase.

As Ackerly notes, in the last two types of situation, women's responsibility for credit is not matched by their economic and political resources in the family (1995:59). Women do have strategies to resist, of course, and as the following story provided by a woman field worker shows, the role of lending institutions in supporting their rights of control over loans is important:

One woman gave her loan to her husband. But he refused to repay the money. She had so many problems getting money from him - and had to repay by selling eggs, chicks, etc. He also beat her when she tried to get loan instalments from him. She managed to repay and asked for another. But she told the field workers that she didn't want money to go to the husband. She said: "Give me the cash, I'll buy a cow". On the loan disbursement day, the husband came to the office to get the money. The woman told the office to forget she had a husband. "Think of me as husband-less and give me the money." When the office tried to give it to the husband she said: "Look, I am under double pressure, from my husband who won't repay and you who want my money back". She went and bought a cow with the husband and the field workers and brought it close to her house in the village so she could control it, in case the husband tries to take it away.

Where men use women's loans, gender relations within the household are in effect (if not intention) providing a tool to ease the work of credit institutions in recovering loans. Women may have a higher incentive than men for loan repayment -- it allows them to retain access to village groups, whereas men have many more opportunities for social contact. Also, women are more vulnerable to pressure to repay. They are easy to locate, being much less able than men to leave a locality temporarily to evade field workers, and they are easier to intimidate into repayment than men, who can always threaten violence. In effect, the household is internalising the high transaction costs of lending to men. These costs are primarily those of monitoring men's loan use and enforcing regular repayment. Women in effect offset these costs by using intra-household gender relations of obligation or persuasion to recover weekly loan repayments.

This does not imply that this is the intention of credit organisations, whose reasons for lending to women are not that they should act as conduits for credit to men. However, it is important to consider the motivations and practices of field workers, who, distant from top-level policy makers, deal with local realities and mediate programme inputs on the basis of their own perception of people's needs and capabilities. The following candid comment from a government field worker illustrates how an instrumental view of the purpose of lending to women can develop: "We are much better at getting our loan money back now that we are using women as middle-men (sic)".

This instrumental approach to women as conduits for credit for the family plays on, and reinforces, traditional cultural notions of womanhood, with women seen as moral guardians of the household and policers of recalcitrant men. The implications of this process for the way men are being constructed culturally in relation to credit operations are also disturbing. In the formal credit system which reaches primarily middle-class farmers, male defaulting is so endemic as to constitute probably the most significant supply-side transaction cost which discourages formal credit institutions from lending to (male) rural producers. For example, within the nationalised commercial banking system, loan recovery from farmers fell from just below 50% in 1980-81 to 25% in 1985-86, and was just above 40% in 1987 (UNDP, 1989:66). In response to the recovery crisis, the flow of formal credit has been drastically cut back since 1985, while extensive rescheduling and expensive measures of interest remission and interest rate subsidies have been introduced (World Bank, 1989:132). Between 1987-88 and 1990-91 agricultural credit disbursements by nationalised commercial banks, the Bangladesh Krishi (Agriculture) Bank, the BRDB, and other formal financial institutions shrank by 54%, not taking into account inflation (Bangladesh Bureau of Statistics, 1992:431). On the non-governmental side, rural development organisations appear to be experiencing difficulties working with men, especially where credit operations are concerned, and as a consequence are shrinking their operations; BRAC's decision to freeze the formation of new men's VOs has already been mentioned. Field workers in development programmes justify this on the basis of problems experienced working with men: their lack of commitment to village credit groups, their poor financial discipline when it comes to repaying loans, the difficulty of enforcing loan repayment given men's greater capacity to evade both development agents and the law, and the threat of violence from men. Many fieldworkers described male credit society members as 'touts', or petty criminals. Men's higher default rates may owe to the greater risks involved in their investment activities, the demonstration effect of the way wealthier rural borrowers default with impunity, and the greater range of opportunities available to men for squandering their credit which come with

urbanisation and westernisation: gambling, tobacco, prostitution, and cinemas and restaurants in town. Lower levels of commitment to village-level institutions may owe to men's greater range of choice in participating in institutions beyond the village.

In the context of the general retrenchment in the flow of formal institutional credit to the rural sector, the slow-down in the formation of new credit societies for landless men is contributing to the impression that men's access to formal and special credit opportunities is shrinking in relation to women (even though in actual fact they still benefit from the lion's share of available rural credit). But this perception may have as corrosive an effect on household well-being and gender relations as the exclusion of women from institutional credit opportunities has had in the past. Unable to gain access to the resources needed to fulfil their traditional functions as family providers, poor men are having to renege on their responsibilities, increasing the rate of family fragmentation. But if poverty and family fragmentation has meant the loss of the tradition of male support for women, exclusionary aspects of male prejudice and control which sustain discrimination in productive opportunities outside the household, as well as in intra-household consumption, have adapted to the changed circumstances (Chen, 1990:217; Cain *et al.*, 1979:410; Alam and Matin, 1984:9). One way in which male dominance persists and reconstitutes itself is through the exploitation of women as new sources of labour and capital. It is hardly surprising that women's loans are being treated as a new resource for men in this context.

There is a danger that excluding men from credit opportunities may intensify the exploitation of women within the household, and at the same time, limit the possibilities of achieving broader attitudinal change amongst men. Policy makers need to bear in mind that in situations of intense competition for scarce resources, gender power conflicts will be aggravated. In a context such as Bangladesh, men retain by far the greater balance of socio-cultural power, such that women can hardly defend such small gains as they might make participating in development programmes from male control unless men's attitudes change or men perceive a tangible benefit to themselves. This can be achieved through intensive qualitative investments in changing men's perceptions of women's worth, which is often beyond the capacity or commitment of development programmes, or through ensuring that men's access to resources is not constrained in proportion to women's increasing access, in an apparently zero-sum manner. Ideally, the two should go together.

## **5. IMPLICATIONS FOR PROGRAMME DELIVERT PATTERNS AND ORGANISATIONAL INCENTIVES**

The concerns raised in this paper call for a policy response to enhance women's control over loan use. It is important to stress that what is at issue here refers not just to credit programmes, but to all manner of development inputs targeted to women; the point is that more attention needs to be paid to gender relations as mediators of development resources. This is an extremely difficult area for programme interventions as it implies penetrating the household to tackle gender power relations and suggests a degree of social engineering for which methods are unknown, even if a commitment to it existed, which to date has not in the development process. Many other more practical and immediate policy responses suggest themselves, including evening the balance between social development objectives and credit performance, improving women's productivity, opening their access to markets, protecting their rights of ownership over assets, enhancing their managerial skills and control, and investing in larger-scale enterprises in which women's investments might be protected. These measures will be discussed below, and the performance of the organisations studied will be compared in relation to current policy differences between them.

#### **(a) The Balance Between Social Development Inputs and Credit Performance**

Special credit programmes vary in their investments in advancing members' perceptions of social issues and in the training they offer for human resource development which can enhance loan use as well as household well-being and structural change at the local level. The Grameen Bank offers the fewest support services for these social goals, beyond the 'Sixteen Decisions' about household and community management and social justice which members recite at the beginning of group meetings. It has started, however, to offer credit on special terms for investments in the quality of household life, like loans for tubewells, latrines, and housing. The RPP's RD-12 programme also offers social development services and leadership training for women, as do the women's NGOs. BRAC offers an enormous range of supplementary services to bolster leadership and social development in its VOs. These range from paralegal training, health and family planning facilities, a vast non-formal primary education (NFPE) programme for members' children, and leadership training for VO management committees. Each group is visited once a month by a range of specialist Programme Officers who lead intensive issue-based discussions in these areas. Nevertheless, rapid expansion has forced a cut back in its preparatory work with borrower groups. The one-year induction period, with literacy training, which BRAC conducted in an earlier incarnation of its credit programme has been cut to two months of awareness-raising and functional education.

With the exception of women's NGOs, these inputs are often not sufficiently tailored to women's gender-specific social needs. 'Leadership training' in many organisations consists primarily of

rules and methods for credit society management, not methods to counter gender-specific constraints to assertiveness, confidence, and power within households and the local community. Few of the large special credit institutions provide Gender and Development training to their staff, although BRAC and RD-12 have recently introduced this training for field managers and headquarters staff. Unsurprisingly, women's NGOs differ in these respects. Consciousness-raising amongst women borrowers is a central programme component, and for TMSS, pursuing cases through local courts of illegal divorce, deprivation of inheritance rights, default on maintenance payments, and rape, represent a significant part of the workload of its staff.

The tangible shift in organisational incentives in larger special credit institutions away from social development and institution-building has been exacerbated by donors' interests in seeing the development of financially self-sustaining credit programmes. This process is clearly illustrated in the government's RD-12 programme. CIDA's support for RD-12 will be phased out over the next three years. The consequent imperative for the programme to become self-sufficient prompted the introduction in mid-1993 of a range of new staff incentives to increase the magnitude of loan disbursement and the efficiency of loan recovery. Each Field Officer is expected to distribute a minimum of 625,000TK annually to 250 members (10 groups, 25 members each). Salary bonuses will be supplied on a pro-rata basis to those who distribute greater amounts and achieve a 100% recovery rate. The new incentive system concentrates organisational attention on conventional banking concerns. Pressure on field staff to disburse and recover greater volumes of credit may have negative consequences for women borrowers. They may be encouraged to take larger loans, but without adequate technical backup for improving their productivity and marketing capacity, they may find themselves unable to realise effective profits. Larger volumes of credit coming into households are vulnerable to mis-routing for immediate consumption needs, and to appropriation by male relatives, leaving women more heavily indebted than before.

As credit and service delivery come to supplant more qualitative and elusive social change objectives, earlier concerns with developing organisational solidarities amongst the poor have receded somewhat. BRAC's goal of forming federations of landless groups is now being underplayed, and the meaning of 'institution-building' is shrinking to encompass merely the formation and induction of new groups. This is unfortunate, for as women's primary societies grow in number, federating their activities might allow them to take up leadership and decision-making roles in a more public way. The government's system of federating landless groups through the RD-12 Thana Bittohen Central Cooperative Associations is more promising in this respect, in spite of problems of elite capture. It offers the possibility for women to take decision-

making positions within the sphere of credit administration at the local level. In many TBCCAs, women's groups form the majority of the membership; in three, women were elected as Chairpersons in 1993.

Finally, the rush to 'scale-up' credit delivery arguably has some implications specific to the problem of women's capacity to control loans. Pressure to register new borrowers rapidly may lead to relaxed targeting, with better-off women gaining access to loans, while those in more need, but with fewer initial resource endowments, such as women heading their own households or the poorest women, may not be seen as sufficiently creditworthy. Pressure to disburse and recover larger loans may erode a concern with ensuring that women control loans themselves, rather than ceding control to male household members whose investment activities tend to be more productive. The following quotation from a woman field worker illustrates how this can happen:

One woman who had neither children nor a husband was doing domestic labour, and became a *samity* member and applied for a loan. I supported her loan proposal for a small trade business but the office did not approve it. The office said she has no husband or son so how will she run the business? I think she could have, that's why I proposed her!

### **(b) Improving Women's Productivity**

Low-income women borrowers in Bangladesh invest cautiously in low-risk, familiar, low productivity enterprises. A recent RD-12 study of loan use shows that rates of return for women's income-generating activities average 145% while rates for men average 211% (Matienzo, 1993:34). By far the bulk of loans taken by women in special credit programmes are invested in traditional activities such as paddy husking, petty trade, and livestock rearing, most of which show a negative return to labour when it is imputed to the male agricultural wage rate (Hossain, 1984). Livestock fattening and milch cow rearing are exceptions, because they involve relatively low-intensity labour inputs which can be distributed to other household members, children especially. Nevertheless, livestock rearing offers limited scope for significantly shifting women's rate of market engagement through technological changes or increased employment. Like women's other traditional enterprises, it is a low-maintenance activity which is home-centred and is part of the cultural ascription of low value to women's work.

By and large, none of the larger special credit programmes have succeeded in shifting women out of traditional income-generating activities, although most do acknowledge the importance of

encouraging more profitable and socially valued non-traditional forms of entrepreneurship for women. The Grameen Bank is the most 'minimalist' of all the special credit institutions in terms of its support for skills development, and though it does operate a small sub-programme which experiments with improved farming techniques, the majority of its borrowers invest in traditional activities, most often livestock rearing. The RD-12 has regionally-based Technical Resource Teams which promote new technologies to improve the productivity of the enterprises of the landless, and is developing programmes to encourage women to make non-traditional investments. BRAC is most comprehensive in supporting higher profit investments, providing training, technical advice, access to inputs, and other services in the following sectors: irrigation, livestock, poultry, fisheries, social forestry and vegetable cultivation, and sericulture. In addition, its Rural Enterprises Project experiments with new businesses such as women-run restaurants, poultry feed mills and chick hatcheries, mechanics workshops, apiculture, warehouses, and pearl culturing. These activities are promoted as integrated packages to borrowers. Credit is tied to specific skills training, some of the credit is provided in kind - for example as chicks for poultry-rearing units - and in some cases, such as sericulture, backward and forward linkages are made at different points along the production process. Some of these programmes train women in occupations which provide paid employment - as paravets, poultry vaccinators, or tree caretakers.

Promoting higher-risk, higher skill, and higher profit non-traditional activities for women, however, confronts head-on complex problems relating to the way gender affects the perceived value of different forms of employment. In the first place, where women move into activities which compete with 'men's work', gender power conflicts may be exacerbated. In the second, there is no automatic connection between non-traditional occupations for women and improvements in their status relative to men.

When women move into non-traditional forms of enterprise, men may simply assume control over activities which involve higher cash investments and more complex technology. Some evidence of this comes from a BRAC study of women's experience investing in one of the higher-profit ventures - women-owned restaurants - encouraged through its Rural Enterprise Project. Khan's study analyses six women's experiences of managing large loans (on average 6000 TK) for *Shuruchi* ('Good Food') restaurants. She found that with the exception of one widowed woman, women's male relatives had taken over the management of these restaurants, with none of the married women feeling they owned these enterprises. Just one woman, the only literate woman in the sample, participated in managing accounts (Khan, 1993). Interestingly, the widowed woman in the sample had also lost control of her restaurant, but to her apparently more



dynamic married sister (ibid:21). This brings up the important issue, mentioned earlier, of power differences between women according to life cycle stages and social status. Investing in shifting women's rate of market engagement, therefore, requires not just the introduction of new technologies and skills training, but strong support for women's rights of ownership over new enterprises. Although limited by its sample size of six, Khan's study hints at the importance of literacy and numeracy in enhancing women's managerial capacities. Accounts keeping, and in some cases, coping with official formalities and interactions with suppliers and clients, requires levels of education which the majority of the low-income women members of special credit programmes lack. Unfortunately, as mentioned in the first section of this paper, few special credit programmes are making the long-term investments in literacy and numeracy training which are necessary for the development of effective accounting and management skills.

When women are undertaking new entrepreneurial investments individually, whatever the level of organisational support, their resources are bound to be more vulnerable to male control given women's dependence on maintaining positive relations with men within the household. Where investments are made jointly in enterprises collectively managed by women **outside** the boundaries of individual households, there may be more potential for protecting women's assets from male relatives, as well as for achieving economies of scale. Larger-scale enterprises using new technologies - such as mechanised rice mills - can help develop management skills, and may eventually provide wage employment opportunities for other women. They also have the potential to provide women with a significant non-farm production base in the rural economy and to develop linkages to other productive sectors. Efforts have been made in this direction by some special credit programmes: BRAC offers credit for the joint management of deep tubewells, the Grameen Bank for fisheries management, and the women's NGO, SNPS, for power tillers. Unfortunately these efforts, in Bangladesh as elsewhere, have been hobbled by severe management problems and by free rider problems (Hossain, 1988).

They have also aroused both class and gender hostility. A good example is SNPS's programme of providing credit to groups of women for managing power tillers. Women in these groups were able to rent out their equipment and labour for preparing crop land for ploughing, thereby gaining access to a lucrative new form of employment providing a valuable agricultural service, and in the process, making a powerful public statement about women's productive capacities. By the second year of operation in one area, landlords and farmers incensed both by the loss of an important male source of income (from traction ploughing) and by women's transgression of an important symbolic boundary between the home and the field, grouped together to purchase their own power tillers, pushing the women's group out of business.

This speaks to the critical importance of applying an analysis of gendered power relations to policy efforts to enhance women's productivity and access to resources. There is a tendency to assume that changes in socio-cultural perceptions of women's worth will follow changes in women's productivity. For example, the economist Adnan comments: "The capacity to earn market incomes has also lead to the re-valuation of the status of women by their fathers, husbands, and immediate families, as well as the communities to which they belong" (1989:12, emphasis in text). However, this underspecifies the importance of gender relations in affecting the perceived value of what women and men do, which is less a function of what the activity is or what income it generates, than of the power relations in which it is embedded. Numerous studies of gender relations in the region show that the cultural discounting of the value of women's work does not necessarily alter when women's work takes place outside of the household or when their contribution to the household takes the form of a cash income (Standing, 1991; White, 1992; Bardhan, 1986; Chen, 1990). This should not be taken as an argument against encouraging non-traditional forms of self- and formal employment for women, but rather, as a reminder of the importance of holistic strategies which support women who take these risks, which build up mutual support networks amongst women, which provide adequate skills training and other forms of technical backup, and which encourage male support.

### **(c) Marketing**

None of the large special credit programmes offer facilities to enhance women's access to markets. BRAC has made various experiments with establishing space in local markets for women, but these have been abandoned, although an account of the reasons for this is not available. Women's exclusion from markets is perhaps the greatest constraint to their productivity. It means that they lose control over a critical phase of the production process and are unable to make informed assessments of market demand and new productive opportunities. Improving women's market access might be the single most effective way of enhancing their control over loans, as well as expanding their public presence and their self-confidence. Policy efforts to open rural markets to women will be likely to encounter severe male opposition. As in the case of enhancing women's productivity, it will require considerable investment in support systems - including such measures as providing transportation and indeed, security measures to protect women from physical assault.

### **(d) Enhancing Managerial Control**

Some potential policy responses to enhance women's managerial control are evident from the above discussion. Measures likely to help are greater and continuous investment in literacy and

numeracy training, investment in attitudinal change in men, and women too, regarding women's rights over their own resources, skills development and technical inputs directly relevant to the loan investment activity, overcoming constraints to women's access to rural markets, the development of solidarities amongst women, especially beyond the limited horizons of the individual credit society, effective support for viable collective enterprises, and measures to guarantee women's ownership of productive assets. As will be clear from the discussion so far, however, enhancing women's managerial control in the context of gender relations in Bangladesh is no easy project. It touches on problems which are beyond the scope of any single organisation to solve - such as the inadequate legal foundation for women's economic rights, especially as concerns rights of ownership and inheritance. An important issue in this respect is the national religious environment, with many rural development organisations reporting increased levels of opposition from Islamic groups in recent years. Such problems require state-level responses. However, since the 1980s the Bangladeshi state has sought to palliate its legitimisation anxieties by aligning itself, increasingly, with Islamic interests (Kabeer, 1989; Goetz, 1991), which has meant that an effective public commitment to social change in women's interests is lacking.

Policy efforts to enhance women's loan control may run the risk of introducing a degree of organisational control and surveillance over women's loan investment decisions which unacceptably undermine women's autonomy in decision-making over loan use. To dictate and closely monitor loan investment strategies may actually undermine a household survival strategy. Women's credit enters households under conditions which policy cannot predict. It may be desperately needed to mitigate a short-term consumption crisis, which once resolved, can enhance a household's productivity. Other problems might arise if loans are given in kind, rather than cash, or if cash loans to women are kept very small. These measures are likely to ensure women's loan control, but they may also construct women differently as credit clients than men; as not fully individually responsible, as incomplete participants in rural economies, where their organisational membership is experienced as patronising and tutelary, not empowering. There is an extremely fine line between recognising constraints on women's freedom of manoeuvre, and reinforcing the terms of those constraints by taking them as givens. It may be tempting for credit organisations to avoid this dilemma altogether by sticking to measures known to be associated with higher degrees of women's control, for example by lending small amounts for fail-safe activities such as livestock rearing. But lending patterns such as these will not contribute to broader goals of empowering women to change the terms of gender relations in the household and the community. In addition, they only modestly contribute to goals of poverty alleviation,

where small investments become little more than loan-repayment schemes, not long-term income-accumulation strategies.

The women's NGO TMSS has an interesting policy response to this dilemma. It is aware of the problem of male control of loans, and of its near intractability in the context of contemporary gender relations in Bangladesh, and in response, it makes efforts to ensure that women retain control over decision-making and accounts, however the loan is actually used. It requires its women borrowers to provide accurate and continuous accounts of loan use and encourages informal contracts between women and the users of loans if women are not the primary users.

## **6. DIFFERENCES IN WOMEN'S LOAN CONTROL IN THE FOUR ORGANISATIONS STUDIED**

Differences in women's loan control record in the organisations studied point to the impact of different policy approaches. However, the small size of the samples once disaggregated by organisation caution against drawing firm conclusions from the findings, raising problems of sample biases by region, different performance records of individual credit societies, group maturity, and more constrained ranges of investment activities and loan sizes.

The best performing sample were the Grameen Bank borrowers (N = 53), with 62% of the loan histories showing full or significant loan use, and just 10% of loans in the 'Very Limited' or 'No Involvement' category.<sup>6</sup> This most probably owes to the Grameen Bank's strong encouragement of borrowers to invest initial loans in livestock (fully 71.7% of loans in the sample were used for this), and its insistence that productive investments (livestock, land, housing) be registered as women's property. TMSS (N = 39) also scored well, with 41% of loan histories showing full or partial involvement, and 25% in the two lowest categories. Here, loan investment strategies were more diverse, venturing into small businesses such as yoghurt making (20%) and house construction (17.5%). Higher degrees of loan control here might owe to the organisation's insistence on proof of women's managerial control, and to the long periods it invests in institution building, social development, and consciousness-raising work.

Twenty-eight percent of the loan histories in the BRAC sample (N = 106) showed full or significant loan control, while 45% fell into the two lowest categories. The BRAC sample had the largest proportion of women using their loans for forms of rural enterprises in which men normally dominate (10.4% in rickshaw purchasing, 6.6% in crop farming, 9.4% in vegetable trading 6.6% in rice stocking for resale, 4% in sericulture). It would be unfair to interpret this result as an indictment of BRAC's strategy of encouraging non-traditional investment for women

- following the argument of the previous section, it represents an important strategy for challenging negative ascriptions of the value of women's income-generating activities. The result does, however, point to the importance of accompanying new credit deployment strategies with adequate social development inputs. Also, lesser degrees of women's loan control might be a consequence of the rapid scaling-up of credit delivery.

In RD-12, 31% of the loan histories (N = 55) were in the full or significant category, and the majority, 56%, in the two lowest categories. The RD-12 sample showed the greatest diversity in patterns of actual loan use of all the samples, but also, a high concentration in traditionally male-dominated activities (16.4% in rickshaw purchasing, 11% in rice stocking for trade). Lower degrees of loan control may attest to the generally higher socio-economic status of its women members. A recent study of loan impact in RD-12 found the literacy levels of women members to be 14% over the national average (Matienzo, 1993), which suggests, given the association between women's literacy and household resource endowment, that poorer women are not being targeted effectively. Studies of women's economic activity in Bangladesh have found that women from better-off households tend to have a lesser role in household production decisions than do poorer women (Safilios-Rothschild and Mahmud, Chapter 1: 1989; Rosario, 1992).

On the surface, these findings seem to go against the direction of the suggestions in the previous section regarding enhancing women's loan control, as the most 'minimalist' programme in terms of social development investments, the Grameen Bank, performed the best in terms of women's control. The implications of this finding can work in several directions. On the one hand, arguably the contribution of Grameen Bank credit to changing gender relations may be minimal insofar as loans are kept relatively small and loan activities remain highly traditional. On the other hand, it provides a few very key forms of programme support which may be more effective at strengthening women's rights of asset ownership and social status than many of the other strategies suggested. One of these elements is the intense energy which goes into creating and maintaining a culture of discipline and belonging in each borrowing *kendra* or centre, which contributes to institutionalising women's rights to credit. Another is the insistence that new assets gained through a loan be registered in the woman borrower's name -- from the receipt for the purchase of a cow to the registering of land or a house. Nevertheless, there is probably a point beyond which this strategy cannot go as a means of long-term change in gender relations given the neglect of efforts to enhance women's direct market access.

## 7. CONCLUSIONS

This paper has problematised the issue of women's loss of direct control over their loans, although it recognises the difficulty of establishing clear patterns of loan control once credit enters the rural household. In highlighting the poverty of assumptions that women's high repayment rates and sustained high demand for loans can be assumed to reflect effective loan investment strategies by women, the paper raises a number of issues for further research regarding the empowerment contribution of credit to women. These include the possibility that high degrees of male control of loans can postpone the appearance of the positive social externalities expected from increasing women's control over household income, or worse, that it can undermine household survival strategies where men invest loans badly, forcing women to mobilise repayment funds from resources which would otherwise be used for consumption or savings purposes. Another issue regards the potential of loan transfers to exacerbate gender-related tensions within the rural household.

The discussion in this paper bears importantly on current debates about the transformative capacity of small-scale credit and income-generating programmes. The uncertain economic environment in the rural arena over the 1980s has favoured an increasing focus on credit and income-generating programmes in general - for women as well as men. As Sanyal argues, the failure of rural industries in Bangladesh to absorb growing numbers of landless people has prompted the focus since the late 1970s on informal sector enterprises managed by the poor as alternative sources for income and employment generation. In tandem with this, there has been a shift in the donor environment to favour private initiative capitalism as a better guarantee of efficient market responses than traditional top-down government poverty-alleviation measures (1991: 1367). Credit programmes have gained even further in popularity to the degree that they promise the possibility of cost-recovery; as low-income borrowers demonstrate their repayment capacity at market rates of interest, donors can satisfy their ambitions for financially sustainable development (cf. Biggs, Snodgrass, and Srivastava, 1989).

Critics of self-employment initiatives claim that the emphasis on informal sector economic enhancements overlooks the structural factors that maintain the economic marginalisation of the poor. Credit and income-generating programmes frame the problem of poverty as a temporary, and easily remedied, cash-flow problem, instead of one which bears on relations of inequality and their institutionalisation in broader economic policy (White, 1991). This critique is particularly germane to assessments of whether these programmes can promote women's economic and social empowerment. One of the many lessons of the history of women's involvement in rural development programmes has been that unless substitutes are found for women's reproductive work at home, women's experience of participation can be negative,

exacting a high cost in terms of intensified demands on women's labour. The promotion of small-scale enterprises gets around this problem by concentrating on improving the productivity of women's **homestead-based** work - which allows them to fulfil their domestic responsibilities at the same time. This postpones any feminist concerns with redistributing gendered domestic responsibilities - which are, after all, a structural feature of unequal gender relations - and limits the potential for skills acquisition, exposure to the 'public' world, and job-based organisation associated with gaining formal sector employment. The input-delivery focus of credit and income-generation programmes involves an implicit assumption that easing women's access to credit translates unproblematically into their control over its use. Economic empowerment, however, is not as straightforward a process as this; gendered power relations within the household affect the distribution and use of cash resources, and may undermine women's capacity to retain control over the way a loan is invested, or profits used.

The successes of special credit programmes in reaching women must be acknowledged as highly impressive, given the socio-cultural conditions which they challenge. In some ways, what this paper points to is a 'second-generation' problem; the 'first-generation' problem having been managing institutional changes in order to provide for women's access to credit in the first place.<sup>7</sup> Most of these programmes acknowledge the problems which gender power relations pose for women's control of loans; they offer integrated programmes designed to enhance women's institution-building at the grass-roots level, provide technology and training supports for women's investments, and some programmes, particularly those managed by women's NGOs, work to raise women's consciousness about gender and class relations.

These laudable interventions run in some respects counter to the implications for programme management of the rapid scaling-up of credit delivery and recovery operations. Improvements in women's productivity, mobility, access to markets, literacy, social status, and control of household decisions takes time, requires considerable commitment by development workers, a long-term investment in local-level processes of social change, as well as a willingness to cope with the sometimes violent and disruptive consequences of challenging class and gender privilege. This is even more true when it comes to changing social attitudes towards women's right of ownership over resources and to assigning value to women's contributions to household well-being. The drive for increased credit disbursement and recovery, however, is insensitive to social development needs, and may be particularly insensitive to the special problems women face in developing the capacity to use their loans.

International aid donors bear some responsibility for this process. Donors' interests in seeing the development of financially self-sustaining rural development institutions has resulted in a preoccupation with cost-recovery, to the degree that loan repayment rates have become the primary index of success, however much they may obscure the important issue of the quality of loan use. Ironically, this might also be seen as an unintended consequence of the success of gender and development policy lobbies. Women's inclusion in many development sectors, one of the achievements of the gender and development lobby, has tended to be a quantitative affair; the concern is with increasing numbers, and less with the quality and meaning of women's participation. The latter raises difficult problems about the political orientation of the development process; problems about power relations between women and men from the household to the state. That these concerns, which have been at the centre of the agenda of gender and development advocates, tend to evaporate in the process of policy implementation, attests to the importance of institutional change in development organisations to bring women's interests into decision-making processes, from the top-level of policy making to the impact level of the household.



### **NOTES**

1. Entitled: "Women's Leadership in Rural Development in Bangladesh", this study was funded by the UK Economic and Social Research Council and conducted under the auspices of the Institute of Development Studies at the University of Sussex, and the Bangladesh Institute of Development Studies in Dhaka. Field work was carried out between February and October 1993.
2. There are exceptions. A landmark evaluation of this type was conducted by Rushidan Islam Rahman, studying the Grameen Bank (1986), in which the definition of 'impact of credit' on the beneficiary was extended beyond income and employment questions to women's decision-making role in deciding upon the investment activity, labour inputs, and use of profits, as well as changes in attitudes towards women borrowers on the part of male household members, changes in women's self-perceptions, capacities to invest in personal well-being, capacities to assume control over their physical integrity and reproductive rights, and attitudes towards their daughters' education and future prospects. There is a study currently underway, managed by Jahangir Nagar University and John Snow International, which will likely provide the most comprehensive information so far on these issues, most particularly the relation between credit and family planning acceptance (see Schuler and Hashemi, 1992).
3. This question is underwritten by a concern which is most easily defined as a feminist one and has been asked in different ways in a range of feminist critiques of the development process. See, for example, Jaquette, 1990; or Kandiyoti, 1988.
4. Loan use patterns were not recorded for SNPS as its credit facilities are extended not to individual borrowers but to groups, for collective investment.
5. Ackerly's study identifies a similar set of repayment scenarios (1995).
6. Interestingly, this corresponds closely with the finding in Rahman's 1986 study of the Grameen Bank which showed a 12% rate of loan appropriation by male relatives of women borrowers.
7. We are grateful to Harold Alderman for this insight.



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<b>TABLE I</b>		
<b>Increase in Women's Membership of Credit Programmes in Bangladesh, Early 1980s to 1992</b>		
<b>Organisation</b>	<b>Women as a % of Membership</b>	
	1991-1992	1980-83
Grameen Bank	93.3	39
BRAC	74	34*
RPP (RD-12)	59**	8.3
* Figure for 1986 Grameen Bank, 1992 BRAC, 1992 RD-12/CRT, 1993.		





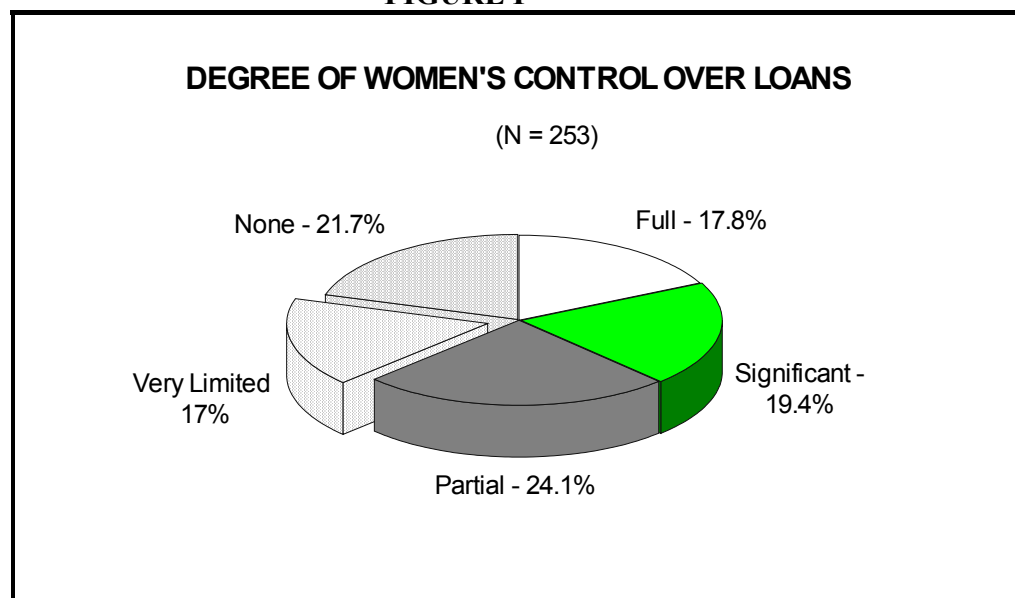
**FIGURE I**

FIGURE II

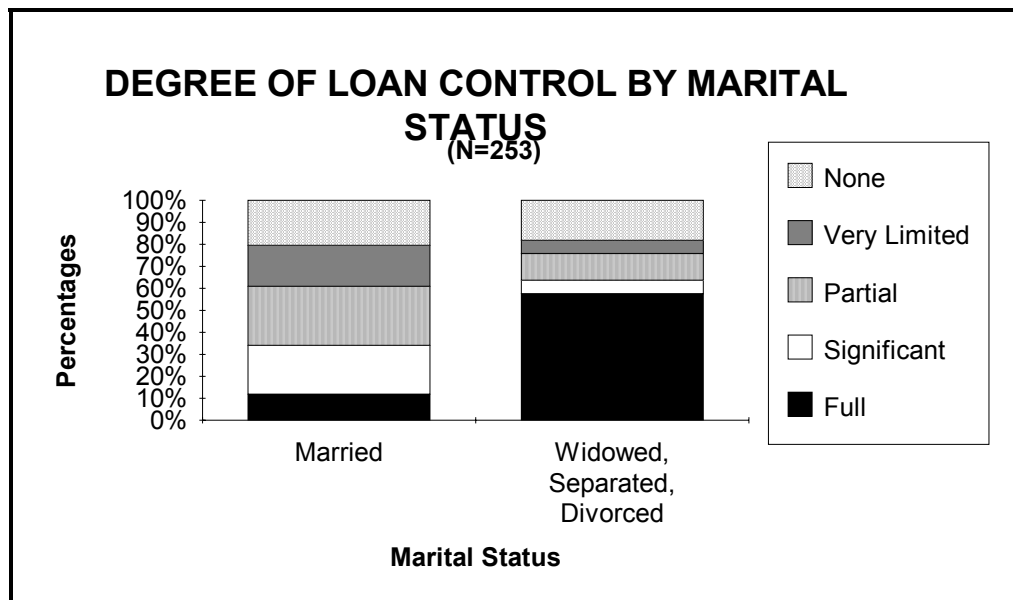


FIGURE III

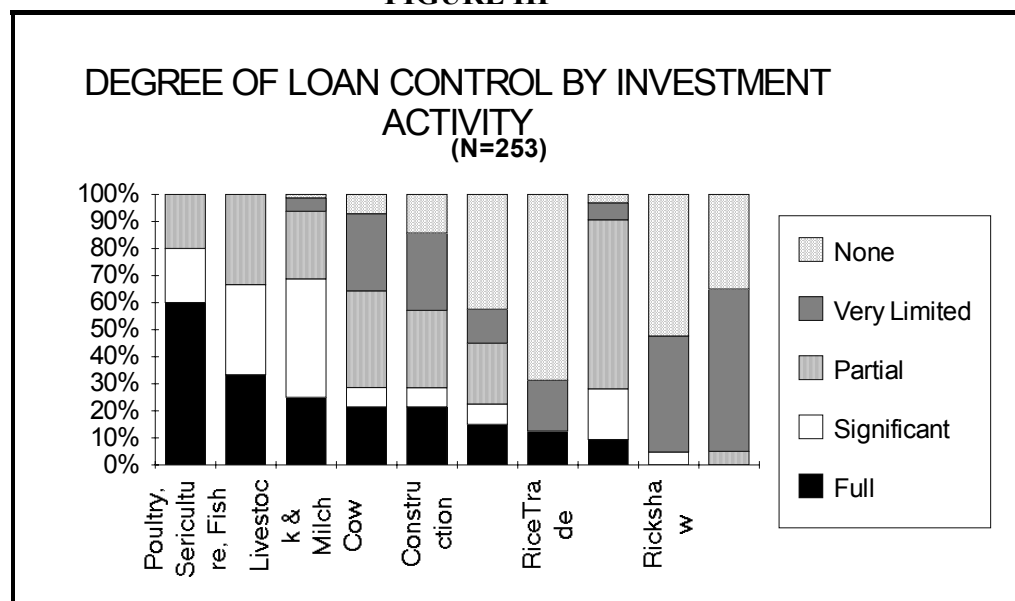


FIGURE IV

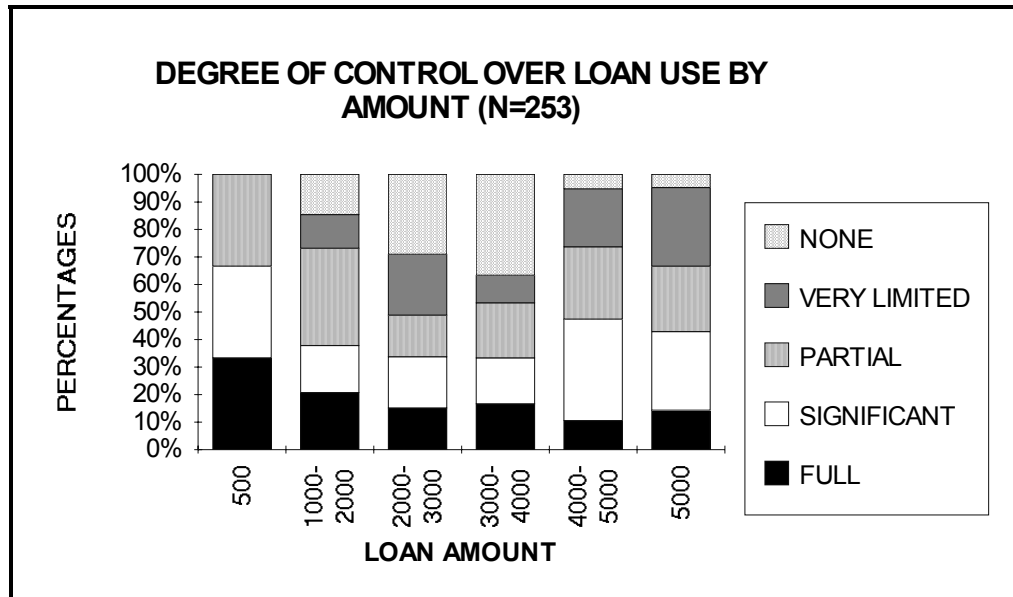
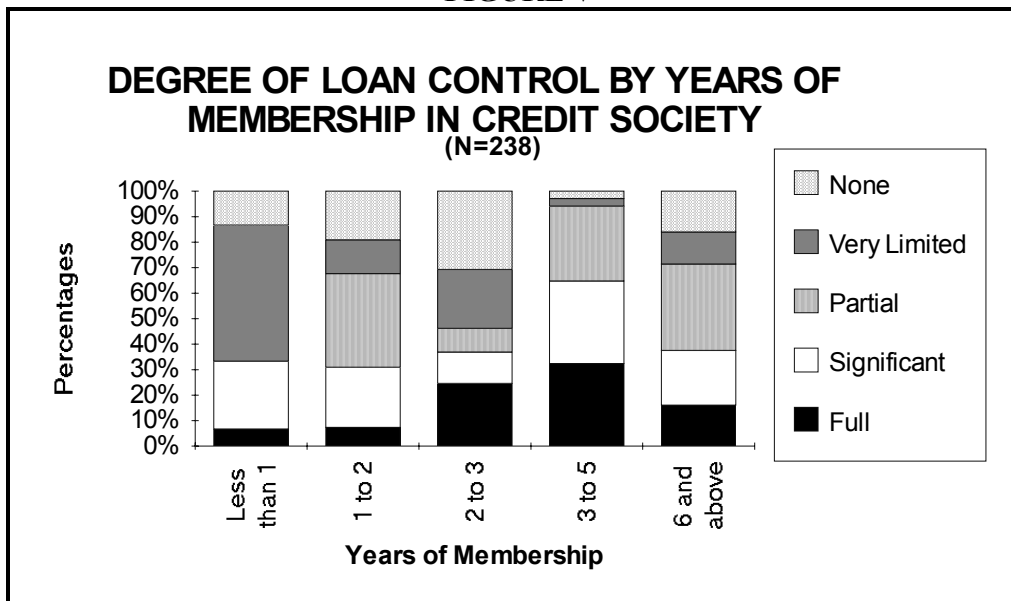


FIGURE V



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<sup>11</sup> Entitled: "Women's Leadership in Rural Development in Bangladesh", this study was funded by the ESRC and conducted under the auspices of the Institute of Development Studies at the University of Sussex, and the Bangladesh Institute of Development Studies in Dhaka. Field work was carried out between February and October 1993.

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